

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

A

WS-01025A
Ajo Improvement Company - Water Division
P. O. Drawer 9
Ajo AZ 853210000

ANNUAL REPORT

RECEIVED

APR 01 2005

AZ Corporation Commission
Director Of Utilities

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>Ajo Improvement Company</u>			
Mailing Address <u>Post Office Drawer 9</u>			
<u>(Street)</u>			
<u>Ajo</u>	<u>AZ</u>	<u>85321</u>	
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>	
<u>(520) 387-7632</u>	<u>(520) 387-7627</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>rsmith@phelpsdodge.com</u>			
Local Office Mailing Address <u>same as above</u>			
<u>(Street)</u>			
<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>John Fenn</u>			
<u>(Name)</u>			
<u>One North Central Avenue</u>	<u>Phoenix</u>	<u>AZ</u>	<u>85004</u>
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
<u>(602) 366-8278</u>	<u>(602) 366-7315</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: _____			
<u>(Name)</u>			
<u>(Street)</u>	<u>(City)</u>	<u>(State)</u>	<u>(Zip)</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: C. T. Corp
(Name)

3225 North Central Avenue Phoenix AZ 85004
(Street) (City) (State) (Zip)

(602) 277-4792
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: S. David Colton
(Name)

One North Central Avenue Phoenix AZ 85004
(Street) (City) (State) (Zip)

(602) 366-8143 (602) 366-7321
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Ajo Improvement Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment	656,744	631,133	25,611
330	Distribution Reservoirs and Standpipes	194,594	180,694	13,900
331	Transmission and Distribution Mains	487,756	481,174	6,582
333	Services	73,312	72,554	758
334	Meters and Meter Installations	26,445	22,846	3,599
335	Hydrants	25,040	23,224	1,816
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,348	1,123	225
341	Transportation Equipment	43,054	43,054	-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,508,293	1,455,802	52,491

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Ajo Improvement Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment	656,744	.7728	5,075
330	Distribution Reservoirs and Standpipes	194,594	.7040	1,370
331	Transmission and Distribution Mains	487,756	.6675	3,256
333	Services	73,312	.0218	16
334	Meters and Meter Installations	26,445	.9567	253
335	Hydrants	25,040	.1238	31
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,348	33.3086	449
341	Transportation Equipment	43,054		-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,508,293		10,450

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME

Ajo Improvement Company

BALANCE SHEET *

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 58,353	\$ 71,652
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	1,252,041	959,355
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	8,844	51,301
162	Prepayments	35,116	-0-
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$1,354,354	\$ 1,082,308
	FIXED ASSETS		
101	Utility Plant in Service	\$3,530,864	\$ 3,680,261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation -- Utility Plant	(2,425,810)	(2,485,283)
121	Non-Utility Property		
122	Accumulated Depreciation -- Non Utility		
	TOTAL FIXED ASSETS	\$ 1,105,054	\$1,194,978
182	Deferred, Other	-0-	68,948
	TOTAL ASSETS	\$ 2,459,408	\$ 2,346,234

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

*All amounts represent the three departments: electric, water and sewer

COMPANY NAME

Ajo Improvement Company

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$1,419,444	\$1,932,138
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	2,694	22,723
235	Customer Deposits		
236	Accrued Taxes	34,097	59,741
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 1,456,235	\$2,014,602
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 311,963	\$ 311,963
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ -0-	\$ -0-
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 392,000	\$ 392,000
211	Paid in Capital in Excess of Par Value	3,144,546	3,144,546
215	Retained Earnings	(2,845,336)	(3,516,877)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 691,210	\$ 19,669
	TOTAL LIABILITIES AND CAPITAL	\$ 2,459,408	\$2,346,234

*All amounts represent the three departments: electric, water and sewer

COMPANY NAME

Ajo Improvement Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 553,884	\$ 574,493
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 553,884	\$ 574,493
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 28,524	\$ 94,701
610	Purchased Water	529,906	672,403
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	1,590	5,272
621	Office Supplies and Expense	4,040	10,717
630	Outside Services	100,673	121,214
635	Water Testing		
641	Rents	1,200	1,200
650	Transportation Expenses	37	237
657	Insurance – General Liability	1,017	(5,173)
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	29,164	55,701
403	Depreciation Expense	11,651	10,457
408	Taxes Other Than Income	8,252	6,102
408.11	Property Taxes	38,515	44,405
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 754,569	\$ 1,017,236
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	10,400	10,400
	TOTAL OTHER INCOME/(EXPENSE)	\$ (10,400)	\$ (10,400)
	NET INCOME/(LOSS)	\$ (211,085)	\$ (453,143)

COMPANY NAME

Ajo Improvement Company

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
None						

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Phelps Dodge Corp	1050	180,783.6

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		130	-0-

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
500,000	2	N/A	

COMPANY NAME Ajo Improvement Company

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)	
2	Copper Plastic	2100	300
3*	Cast Iron	1200	
4	Plastic Steel	900	1200
5*	Cast Iron	7600	
6	Cement ASBE Plastic	11300	600
8	Steel Cast Iron	600	9500
10	Cement ASBE Ductile Iron	11400	13060
12	Cement ASBE Ductile Iron	3300	3900
Total		66,960	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	1060
3/4	
1	19
1 1/2	1
2	17
Comp. 3	
Turbo 3	7
Comp. 4	
Tubo 4	2
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Three (3) filter vessels using Activated Alumina as a filter media.

STRUCTURES:

None

OTHER:

None

COMPANY NAME: Ajo Improvement Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	1106	9,096,500	
FEBRUARY	1104	10,371,400	
MARCH	1112	12,273,400	
APRIL	1108	12,666,000	
MAY	1094	15,139,900	
JUNE	1091	19,892,100	
JULY	1091	15,827,600	
AUGUST	1088	18,022,100	
SEPTEMBER	1092	17,538,200	
OCTOBER	1090	14,294,500	
NOVEMBER	1099	12,102,600	
DECEMBER	1106	10,482,100	
TOTAL		N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Ajo Improvement Company

YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 37,128.35

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 01 2005

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Pima</u>	AZ Corporation Commission Director Of Utilities
NAME (OWNER OR OFFICIAL) TITLE <u>John Fenn, President</u>	
COMPANY NAME <u>Ajo Improvement Company</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH <u>12</u>	DAY <u>31</u>	YEAR <u>2004</u>
--------------------	------------------	---------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 596,458

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 21,966
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

23rd

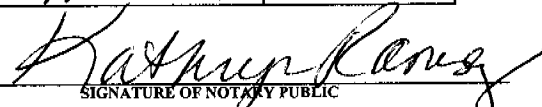
DAY OF



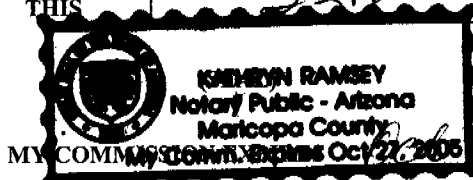
SIGNATURE OF OWNER OR OFFICIAL
(602) 366-8278

TELEPHONE NUMBER

COUNTY NAME <u>Maricopa</u>	
MONTH <u>March</u>	<u>.20</u> 05



SIGNATURE OF NOTARY PUBLIC



RECEIVED

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

APR 01 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) John Fenn	TITLE President
COMPANY NAME Ajo Improvement Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

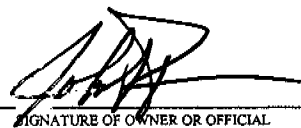
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 291,153

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 15,440
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

607-366-8278

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

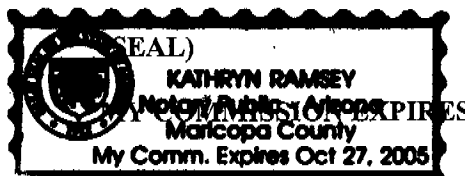
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

23rd

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	Maricopa
MONTH	March
	20 05



Oct. 27, 05 x 
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

SEE ATTACHED FINANCIAL STATEMENTS FOR 2004